

el Periòdic News

INTERVIEW

Judit Hidalgo,

DIRECTOR OF ANDORRA BUSINESS

«Since launching, only two startups out of ten survive after four years»

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The fourth Andorra Business Market conference was held in Andorra in May, bringing together more than 30 start-ups and 40 investors. Judith Hidalgo, director of Andorra Business, told us about the diversification of Andorra's economy, trends for foreign and local investment and the main challenges facing startups in Andorra.

—Andorra Business has official status as Andorra's promotion and economic development agency. What are the key sectors for the diversification of Andorra's economy today?

—One of our objectives is, first and foremost, to help the Andorran government to diversify its economy. We pay attention to everyone who comes to us, but we are most active in developing specific sectors, such as healthcare, biotechnology and traditional sports... and always in terms of innovation and technology, so

that they generate content and knowledge and help create and attract talent to our country.

In addition, we work in the video games sector, which is closely related to all audiovisual content.

—In May, the fourth Andorra Business Market conference was held for entrepreneurs who wanted to present their startups. How many companies participated, which sectors did they belong to and what kind of startups were presented?

—Andorra Business Market is an event where we bring together startups or projects that are looking for investment with potential investors, from Andorra and also from outside Andorra, who are looking for investment opportunities. The idea of the event was to get people to know each other.

This year, we had 31 startups looking for funding (16 Andorran) and around 40 investors. These types of events are very helpful in creating an ecosystem in Andorra and are



also a way to attract investors from outside the country.

—Have any startups already found their investors?

—It is too early to talk about results. Sometimes, it takes a year or two to make a decision, as it also depends on the pace of the startup's development.

—What is the trend in the market? Are there more or fewer startups over the years?

—In recent years, Andorra's startup ecosystem has grown

significantly. We have a platform: andorra-startup.com. And all startups can register there. Right now, we have 62 startups, but we estimate that we have almost a hundred startups in the country.

I cannot mention names, but I can say that, for example, we have a solid company that has developed software to entertain airline passengers. This software is developed in Andorra and sold to British Airways, Air France, Emirates Airlines and Singapore Airlines.

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We also have a company that has recently received authorisation to manufacture

advanced médecine therapy products.

We also have video game companies and businesses that use blockchain technology, but apply it to different sectors, such as sports or property.

There are also companies in technology in the Edutech sector applied to education and robotics.

—How many foreign-owned companies were created last year?

—We are not a department that quantifies foreign investment. Yes, I can confirm that there has been an increase in foreign investment in the last few years. As I mentioned, in general, these are issues of technological development, research and development.

—Do you have any restrictions, such as countries you don't work with?

—We never work with real estate, as it is a very cyclical sector of the economy. Therefore, this business is not in our competence.

As far as countries are concerned, we do not deal with legislative procedures, and we do not regulate legislation. Investments from Russia are still restricted, but this only applies to Russians living in Russia. If it is a Russian living outside Russia, he can invest.

—Could you give examples of companies that have left the Andorran market? And why?

—We have had start-ups that have closed down, but this happens because of the nature of the business itself. When we talk about start-ups, we have to think of it as a risk sector. These are companies with a lot of growth potential but need capital infusion from investors and funding. After four years since launching, only two startups out of ten survive.

Andorra has a problem with bureaucracy, and we always explain it to investors. These are very heavy and time-consuming procedures. Sometimes, start-ups need significant investment, and it's not the traditional funding that other companies use. And the procedures they have to go through every time an investor comes to Andorra greatly limits the flexibility that this type of innovative business should have.

Foreign investors often complain about overly cumbersome bureaucracy that delays the processing of documents and the lack of electronic payment gateways.

—And how can Andorra Business help to solve this problem?

—We are there to support start-ups and to inform investors.

The procedures for setting up a company, especially a company with foreign investment, do take a long time. We try to be realistic—we don't promise that the process will be quick. We are trying to shed light, as there is nothing else we can do.

As far as banks, a few years ago, they may have had a hard time understanding business models or new technologies, like blockchain. But today, Andorran banks are more technically savvy; they are more interested in blockchain issues.

We have noticed the opening of banks and their greater understanding of this new business. On the issue of payment systems, we are working on setting up online payment systems in Andorra. So far, there is not enough critical mass in the market for online payment system companies to be interested in obtaining this licence. We are working with the AFA (Autoritat Financera Andorrana) and the Ministry of Finance to find a solution.

—How long does it take for companies to finalise the paperwork?

—Approximately three months, sometimes less. If the companies provides everything that is required, that is how long it takes, but it is still a long time. ●

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